

53B-13-111 Loans or purchase of obligations -- Rules -- Options -- Repayment of federally insured loans.

- (1) The board may purchase obligations from lenders or make loans to eligible borrowers, out of money available to the board for loans. The board shall promulgate rules for determining the needs of the respective borrowers for loans and for the purpose of making loans or purchasing obligations. The amount of an obligation purchased by the board or of a loan made by the board to an eligible borrower, whether enrolled or to be enrolled in a private institution or a tax-supported public institution, is determined by the board upon the basis of substantially similar standards and guides set forth in the board's rules. The board, in determining the needs of eligible borrowers for guaranteed loans, may consider the amount of assistance available to the students.
- (2) When the board purchases an obligation or makes a loan, and again immediately before a repayment schedule on the loan or obligation is signed by the borrower, the board shall cause a written statement to be delivered to the borrower describing in detail whether an option exists and, if so, who may exercise the option, under what conditions the option may be exercised, and what options are available relating to the following:
 - (a) the term of the loan;
 - (b) the repayment period on the loan;
 - (c) an extension of the term or repayment period on the loan and the conditions of repayment under the extension;
 - (d) a deferment or forbearance on the repayment of the loan or on interest accruing on the loan, whether interest is to be paid during the deferment or forbearance, and the terms of repayment after the deferment or forbearance;
 - (e) the period of time between installment payments on the loan and whether graduated or unequal installment payments may be made;
 - (f) the minimum annual payment on the loan, and if more than one loan is taken from the board or if the borrower takes or has taken an educational loan from another source, the availability of consolidation, transfer, or assignment of the loans and the minimum annual payment on the aggregate of the loans;
 - (g) the granting of an interview before or at the time the borrower signs a repayment schedule; and
 - (h) the revision or renegotiation of the repayment schedule on the loan after repayment has commenced, or if other educational loans from the board or another source are taken after the repayment has commenced.
- (3) On obligations purchased or loans made by the board which are federally insured loans, the board may establish variable repayment schedules conforming to the need and documented income levels of borrowers, if the schedules are not inconsistent with federal laws, rules, or regulations governing the insured loans. A borrower making payments on a loan may request and be granted a revised repayment term or schedule based upon the established variable repayment schedules.

Enacted by Chapter 167, 1987 General Session